

Message Text

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ACTION ARA-10

INFO OCT-01 SS-14 ISO-00 EB-03 L-02 NSCE-00 NSC-07 SSO-00

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FM AMEMBASSY BOGOTA

TO SECSTATE WASHDC NIACT IMMEDIATE 3591

LIMITED OFFICIAL USE BOGOTA 5814

LIMDIS

EO 11652: NA

TAGS: ETRD CO

SUBJ: COUNTERVAILING DUTY ON CUT FLOWERS

REF: STATE 142399

PASS TREASURY, DEPT ASST SEC PETER SUCHMAN

1. I DISCUSSED COUNTERVAILING DUTY CASE TODAY WITH PRESIDENT OUTLINING SITUATION AS SET FORTH REFTEL. PRESIDENT AGREED ON DESIRABILITY AVOIDING PUBLICATION COUNTERVAILING DUTY ORDER, AND WE REVIEWED OPTIONS NOW AVAILABLE TO GOC THAT MIGHT ACCOMPLISH THAT OBJECTIVE. PRESIDENT STATED THAT HE WAS PREPARED ISSUE A DECREE WHICH WOULD DESIGNATE IDEMA (GOC AGRICULTURAL MARKETING AGENCY) LEGAL EXPORTER AND SPECIFY THAT COUNTERVAILABLE PORTION OF CAT WOULD REMAIN WITH IDEMA. HE THEN DIRECTED ECONOMIC SECRETARY ENRIQUE LOW, WHO WAS PRESENT, TO WORK OUT SPECIFICS OF PROPOSAL WHICH IT WAS AGREED WE WOULD SEND TO WASHINGTON IMMEDIATELY FOR COMMENT. IF THE PROPOSAL MET US REQUIREMENTS HE WOULD BE PREPARED IMPLEMENT IT IMMEDIATELY, ALTHOUGH ACTUAL DECREE ISSUANCE MAY TAKE FEW DAYS.

2. ECON COUNSELOR AND FINATT MET LOW IN LATE AFTERNOON AND SPENT LIMITED OFFICIAL USE

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TWO AND ONE HALF HOURS REVIEWING PROPOSED ARRANGEMENT, ESSENCE

OF WHICH IS AS FOLLOWS, AND WHICH THEY AND I BELIEVE IS A SERIOUS PROPOSAL THAT CAN MEET OUR REQUIREMENTS:

A) IDEMA, THE GOVT AGENCY RESPONSIBLE FOR AGRICULTURAL MARKETING IN COLOMBIA, WOULD BY PRESIDENTIAL DECREE BECOME THE EXPORTER OF CUT FLOWERS TO THE US. THE CENTRAL BANK WOULD THEN PAY THE CAT DIRECTLY TO IDEMA RATHER THAN TO THE FLOWER GROWERS AS IS THE CASE UNDER THE PRESENT SYSTEM. IDEMA WOULD KEEP THE COUNTER-AVAILABLE PORTION OF THE CAT (10.3 PERCENT) AND THE GROWERS WOULD RECEIVE THE REMAINDER THROUGH IDEMA.

B) BY PRESIDENTIAL DECREE NUMBER 1996 OF SEPT 29, 1973 THE GOC ZFTABLISHED THE LEGAL BASIS WHICH WOULD ALLOW IDEMA TO ACT AS THE EXPORTER FOR ANY OR ALL AGRICULTURAL PRODUCTS. BUILDING ON THIS DECREE THE PRESIDENT WOULD ISSUE A SPECIFIC IMPLEMENTING DECREE FOR CUT FLOWER EXPORTS. THIS MECHANISM HAS BEEN USED BY IDEMA TO EXPORT DIRECTLY MEAT AND RICE.

C) THE FUNDS WOULD BE CONTROLLED BY THE IDEMA DIRECTOR AND WOULD BE USED TO MEET THE EXISTING LEGAL BUDGETARY OBLIGATIONS.

D) ONCE THE PRESIDENTIAL DECREE IS SIGNED THE ARRANGEMENT WILL GO INTO EFFECT PRACTICALLY IMMEDIATELY. IN PRACTICE IT IS LIKELY TO TAKE A DAY OR TWO AFTER THE DECREE IS SIGNED TO IMPLEMENT THE ADMINISTRATIVE DETAILS. THIS DECREE WOULD BE LEGALLY BINDING AND THE ONLY WAY TO ELIMINATE IT WOULD BE THROUGH COURT ACTION, CONGRESSIONAL DECISION OR SUBSEQUENT PRESIDENTIAL DECREE.

E) IT WILL TAKE THE PRESIDENT A MAXIMUM OF FIVE WORKING DAYS TO SIGN THE IMPLEMENTING DECREE AFTER BILATERAL DISCUSSIONS WITH US HAVE BEEN COMPLETED.

F) THE GOC IS PREPARED TO SUPPLY ANY ADDITIONAL DETAILS OR A DRAFT DECREE FOR TREASURY REVIEW BEFORE IT IS ISSUED BY THE PRESIDENT.

G) THE COLOMBIAN LEGISLATURE IS NOT LIKELY TO OBJECT, IN LOW'S OPINION, TO THE FACT THAT UNDER THIS ARRANGEMENT IDEMA WOULD BE PROVIDED EXTRA BUDGETARY RESOURCES.

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ACTION REQUESTED: I AM IMPRESSED WITH SINCERITY OF THIS PROPOSAL AND AM CONVINCED THAT PRESIDENT EARNESTLY DESIRES TO RESOLVE THIS ISSUE AND IS PREPARED TO DO SO BY DECREE. ACCORDINGLY, I RECOMMEND THAT:

A) WE BE INFORMED SOONEST, FOR TRANSMITTAL TO GOC, WHETHER THIS PLAN WOULD MEET OUR REQUISITES; AND

B) THAT TREASURY POSTPONE ITS DECISION TO MAKE A PUBLIC ANNOUNCE-
MENT OF A COUNTERVAILING DUTY TO PERMIT EVALUATION OF THIS
SERIOUS PROPOSAL AND THE WORKING OUT OF DETAILS TO USG SATIS-
FACOLON.
VAKY

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